

Message Text

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PAGE 01 LIMA 02366 112104Z

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ACTION ARA-10

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TO SECSTATE WASHDC 9273

C O N F I D E N T I A L LIMA 2366

EO 11652: GDS
TAGS: EINV, EMIN, EGEN, EIND, PFOR, PE
SUBJECT: CUAJONE - SPCC OFFICIAL TELLS PERUVIAN PRESS THAT
CUAJONE PROJECT LACKS \$120 MILLION IN FINANCING

REF: LIMA 1703

1. IN LIMA PRESS CONFERENCE MARCH 9 UPON ARRIVAL FROM NEW YORK, FRANK ARCHIBALD, PRESIDENT OF SOUTHERN PERU COPPER CORP. (SPCC), REPORTEDLY TOLD LOCAL JOURNALISTS THAT CUAJONE LACKS \$120 MILLION IN FINANCING TO COMPLETE THE PROJECT (SEE REFTEL). PRESS REPORTS ARCHIBALD SAID THAT TO DATE OVER \$600 MILLION HAS ALREADY BEEN INVESTED AND (ACCORDING TO EL COMERCIO VERSION), "IF WE CONTINUE TO RECEIVE THE KIND OF COOPERATION WE HAVE HAD IN THE PAST, THERE WILL NOT BE PROBLEMS IN OBTAINING THE \$120 MILLION WHICH IS REQUIRED TO FINISH THIS COPPER PROJECT." EL COMERCIO ALSO NOTED ARCHIBALD SAID 100 REPRESENTATIVES FROM 54 BANKS MET IN NEW YORK ON FEBRUARY 25, AND THAT THERE WAS "A COLD CLIMATE REGARDING INVESTMENT IN ANY AREA OF THE WORLD..."

2. ARCHIBALD ALSO REPORTEDLY COMMENTED THAT COPPER PRICE HAS NOW GONE UP TO 60 CENTS PER LB., AND THAT CUAJONE PROJECT IS EXPECTED TO COME ON STREAM SHORTLY.

3. COMMENT: (A) GOVERNMENT-DOMINATED PERUVIAN PRESS CARRIED ARCHIBALD'S COMMENTS ON FRONT PAGES WITH VERY POSITIVE HEADLINES (EL COMERCIO - "92 PERCENT OF CUAJONE
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FINANCING ASSURED," LA PRENSA - "CAUJON WILL PRODUCE

BEGINNING NEXT MAY"). OF COURSE, SUBSTANTIVE CONTENT OF ARCHIBALD'S MESSAGE WAS CONSIDERABLY DIFFERENT IN THAT IT SUGGESTED THE COMPANY HAS SO FAR BEEN UNABLE TO RAISE THE NECESSARY FUNDS TO COMPLETE THE PROJECT. PA PRENSA DROPPED ANY REFERENCE TO "COLD INVESTMENT CLIMATE" AS WELL; (B) WE HAVE NOT BEEN IN CONTACT WITH ARCHIBALD, WHO IS PRESENTLY AT THE MINE SITE, SO ARE NOT CERTAIN WHETHER THE PRESS CONFERENCE WAS PLANNED IN ADVANCE,, OR THAT NEWSMENHAPPENED TO SEE ARCHIBALD AT THE AIRPORT AND INTERVIEWED HIM ON THE SPOT. WE PRESUME THAT ARCHIBALD PROBABLY WISHED TO MAKE PUBLIC THE FACT THAT THE NEW YORK BANKS (SEE REFTEL) HAS NOT COME THROUGH WITH THE NECESSARY FUNDS, POSSIBLY IN ORDER TO NUDGE ALONG GOP ON THE TAX DEPLETION CASE. WE WILL BE FOLLOWING UP WITH CPCC TO CONFIRM.
DEAN

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NNN

Message Attributes

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